



**ALOHA STADIUM**

*An Agency of the State of Hawaii*

Stadium Authority Meeting  
99-500 Salt Lake Boulevard  
Honolulu, Hawaii 96818  
June 26, 2008

Members Present

Kevin Chong Kee, Chairman  
Kay Ahina  
Marvin Fong  
Kathryn Inouye  
Alexander Kane, Jr.  
Kenneth Marcus  
Nelson Oyadomari

Members Absent

Marcia Klompus  
Alan Tamayose

Staff

Scott Chan  
Lois Manin  
Deborah Ishihara  
Stephen Lee

Andrew Chang  
Shelly Shoji  
Shawn Nagata  
Engel Garcia

Others

John Deller, Deputy Attorney General  
Randall Nishiyama, Deputy Attorney General  
Russ Saito, DAGS Comptroller  
Kerry Yoneshige, DAGS  
Jim Donovan, UH Athletic Director  
John McNamara, UH Athletics (Marketing)  
Sam Shenkus, Centerplate's Marketing Consultant  
Neumann Shim, Swap Meet Vendors Association  
Chris Kinimaka, DAGS  
Bruce Bennett, DAGS  
David DePonte, DAGS

I. CALL TO ORDER

A quorum being present, Chairman Kevin Chong Kee called the meeting to order at 10:04 a.m.

II. APPROVAL OF MINUTES OF THE MAY 29, 2008 MEETING

ON A MOTION BY MEMBER MARCUS TO ACCEPT THE MINUTES OF THE MAY 29, 2008 MEETING, AND SECONDED BY MEMBER AHINA, THE BOARD UNANIMOUSLY APPROVED THE MINUTES.

APPROVAL OF MINUTES OF THE SPECIAL MEETING AND EXECUTIVE SESSION ON JUNE 19, 2008.

ON A MOTION BY MEMBER AHINA TO ACCEPT THE MINUTES OF THE JUNE 19, 2008 SPECIAL MEETING AND EXECUTIVE SESSION, AND SECONDED BY MEMBER FONG, THE BOARD UNANIMOUSLY APPROVED THE MINUTES.

III. MONTHLY REPORT

A. Chairman's Report

Governor Lingle will veto Senate Bill 2434, concerning the appointment of Stadium Authority board members.

B. Stadium Manager' Report

The past two months have been very busy with graduation ceremonies and the 50<sup>th</sup> State Fair.

Sales & Marketing Specialist

Member Ahina inquired about the status of the hiring of a Sales & Marketing Specialist. Stadium Manager reported the approval process was just completed and the effective date of employment will be July 1, 2008.

Strategic Plan (SP)

Member Ahina requested an update and a timeline on the completion of the Strategic Plan. Stadium Manager expressed the importance of the SP but at this time there was nothing of significance to report and was unable to provide a timeline. Ms. Ahina said a SP is necessary in order for her to measure results and that it also plays an important role when applying for funding at the Legislature.

Comptroller Saito said there are 190 state agencies and some have SPs on higher levels than others, and some do not need SPs. He is trying to get a sense of what the Board needs and said he is willing to assist where necessary.

Ms. Ishihara reported a team building seminar with its full-time employees was held last year. She also noted the hiring of a consultant would cost approximately \$50,000, which requires Comptroller's approval (or the Governor's if the amount is higher).

Member Inouye commented that the Board requested a SP when the stadium was in the middle of a transition with many competing priorities. Chairman Chong Kee said there were also many missing components such as a shortage of key personnel. Ms. Inouye also noted a year ago she supported the SP because it was not clear where the stadium was headed. Now that many issues have been resolved, there is no urgency in completing the SP immediately; also, by filling the key personnel positions she considered that to be one of the Manager's objectives within a SP. Member Inouye concluded that the Board should have a SP to serve as a guiding document in order to measure the success of both the Board and management. She is also in support of accepting Comptroller Saito's offer to assist with the plan.

Chairman Chong Kee stated it has been very hectic for the Stadium Manager and he personally has spent a lot of time during the past year, either at the stadium or in meetings with the Comptroller on numerous projects and events that have taken place.

Stadium Manager said it speaks for itself in terms of the success we've had over this past year. We are committed and willing to do what's necessary for us to take our facility to the next level and provide services that are expected of us, work with our clients in a professional manner and generate revenue which the Board has made very clear of its importance. He believes they are working towards those objectives on an ongoing basis which he feels is a way in which the Board can measure results. In addition, in line with the SP, management did submit its prioritized Goals and Objectives.

Comptroller Saito stated it would be helpful for the Board to review the stadium's mission statement and if it meets their criteria, define the goals and create a SP from there. Member Inouye stated that would be difficult to do and that a consultant is needed for that purpose. Comptroller said funding for a consultant may be difficult as a result of an 8% reduction of the current budget submission to the Governor (due to the downturn in the economy).

Mr. Donovan stated for approximately 23 years he has worked with the different board members and management of Aloha Stadium and the comparison of what has transpired during the past few years is like night

and day. From a tenant's standpoint and the general public, he wanted to commend the Authority and management for a tremendous job in working with the tenants.

Stadium Manager stated management is here to serve at the pleasure of the Board and will pursue the matter once the Board provides a direction for the SP.

In conclusion, Comptroller Saito requested that Member Ahina provide him with a copy of DHHL's mission statement, which he will review as a guide and then discuss with Stadium Manager. At the appropriate time they will provide a report to the Board.

### C. Approval of Events

1. Uhane Hemolele Pi'ikea (UHP) Family of the Living God/Hemolele in Christ Charity Auto Swap Monthly and/or Weekly Events

Events Manager Stephen Lee reported that UHP resubmitted their application (per the Board's request) with a new description, stating that they are a non-profit organization helping the homeless, and that transactions for the auto swap activities would be recorded in an individual account, independent of the church's account. They met with Centerplate and were informed that, as an independent business owner, they are able to rent a stall and display approximately 40 cars; if the business progresses they would like approval to rent additional space from the stadium to accommodate more cars.

Mr. Deller commented that activities should be limited to the Lower Halawa Lot or the area right outside the box office so that land that was conveyed by the federal government is not used. He also stated that this activity is justified on state property because it is charitable by nature, but it is not public recreation and for that reason it should not take place on the Kam Lot or any areas of the swap meet that was conveyed by the federal government.

Deputy Manin stated the area of the swap meet offered to UHP is not subject to the deed restrictions and all sales transactions will be off property. The only transactions on property will be the rental of stall(s) from Centerplate and the cars on display.

Member Kane suggested that UHP withdraw their application and proceed with renting space at the swap meet; and if they find they need more space in the future, they may then resubmit their application.

Stadium Manager stated if they decide to request for additional space from the stadium, they will need to provide another application seven days prior to the next meeting.

Chairman Chong Kee stated the Board will defer the application.

2. Big Ben Entertainment (BBE)  
Music Concert  
August 9, 2008 (Saturday)

Mr. Lee reported that BBE withdrew their application due to lack of time to plan the event.

3. Oahu Marching Band Festival  
November 3, 2008 (Monday)

A MOTION WAS MADE BY MEMBER OYADOMARI AND  
SECONDED BY MEMBER FONG TO APPROVE THE EVENT.  
THE MOTION CARRIED UNANIMOUSLY.

D. UHAD Monthly Report

Mr. Donovan thanked the board and management for their cooperation and effort in working with the University of Hawaii.

E. Centerplate/Swap Meet Monthly Report

Ms. Manin shared the swap meet's newest promotion for sellers. The first Saturday of each month will be for military at \$10.00; the second Saturday for non-profit organizations for free; the third Saturday for made-in-Hawaii products for \$10; and the fourth Saturday for produce at \$10.

Chairman Chong Kee received the consultant's report for the Aloha Stadium Swap Meet and distributed a copy to each board member for review; the item will be placed on next month's agenda.

Members Ahina and Inouye visited the swap meet and noted it was very worthwhile and they now have a better understanding of stall locations and why vendors want to be located in the D row. Member Ahina stated

(for the records) it was important to mention that there was another decrease in attendance for the month of May.

Ms. Shenkus said currently there is a lot more aggressive pricing with retail shops. They are sharpening their prices and are becoming very competitive.

#### IV. UNFINISHED BUSINESS

##### A. Aloha Stadium Advertising Contract

Discussion and action on "IFB" for the Aloha Stadium Advertising Contract

Chairman Chong Kee stated the board held a special meeting on June 19, 2008 and will be making a decision at today's meeting concerning the advertising contract.

Committee chairman, Ken Marcus, summarized the major points that were covered at the special meeting.

- Four companies showed interest in the bid; three submitted a Notice of Intent to Bid; and two submitted a bid.
- The bid was revised: 1) Bidder is required to spend \$150,000 for the installation of new televisions around the stadium; and 2) Bidder is required to invest a minimum of \$2.5 million in capital improvements to qualify for a 10-year term.
- EpicRays' bid for a five-year term, providing \$150,000 over two seasons (half the amount each season); their contract also provided for 25% commission and a guarantee of only \$30,000 the first year. Total sales last year were \$400,000 and the stadium's share was \$325,000.
- CBS Collegiate Properties (CBS) submitted a bid for a ten-year term. They committed to spend \$1.25 million in excess of the installation of televisions, as opposed to the \$2.5 million that was specified to qualify for a ten-year term. They would complete installation of the televisions in the first year; and between 2008-2009 season, they would improve the scoreboard and install new panels on the opposite end zones. They required a 12% return on investments. They guaranteed \$150,000 the first year, escalating by 3% per year; and their commission rate is 60% as opposed to 25% by EpicRays. CBS also anticipates

expanding the revenues at the stadium, although there is no guarantee.

Mr. Marcus stated the committee believes the improvements offered by CBS are significant and recommended that the board accept the bid submitted by CBS.

Member Fong inquired if additional scoreboards were going to be added; also, what would CBS make after their investment? Member Marcus stated they would be adding more panels and signage and not scoreboards. After their investments, they receive 60% of the revenues and the stadium receives 40%.

Member Ahina inquired what would CBS do in the first year if they are awarded the contract. Member Marcus said they would install the televisions and do some preparation work -- spending approximately \$300,000. Per Mr. Deller, EpicRays would spend \$75,000 by the end of this calendar year (by the 2009 Pro Bowl game) and the other half next season.

Member Kane noted at the June 19, 2008 special meeting four alternatives were listed concerning the board's decision. With reference to the fourth alternative, he inquired if anyone spoke to the University of Hawaii (UH) about their interest in the advertising.

Chairman Chong Kee stated the board would not be contacting the UH until a decision was made on the two bidders.

Mr. Deller referred to the "Confidential Executive Summary -- Advertising Concession Contract" which he prepared and handed out to the board. Because it has legal issues, Member Marcus suggested that it be discussed in an executive session.

#### Executive Session

A MOTION WAS MADE BY MEMBER AHINA AND SECONDED BY MEMBER FONG TO GO INTO EXECUTIVE SESSION AT 10:55 A.M TO DISCUSS THE LEGAL ISSUES OF THE ADVERTISING CONTRACT. THE MOTION CARRIED UNANIMOUSLY.

The meeting reconvened at 12:19 p.m.

Chairman Chong Kee stated the board will be taking action on the Aloha Stadium Advertising Contract, but prior to that Mr. Delleria would like to share some information with the Board.

Mr. Delleria stated there are seven members of the Authority present and read the provision of the law that governs the number of votes necessary to validate acts. Section 92-15 provides that the concurrence of a majority of all the members to which the Board or Commission is entitled shall be necessary to make any action of the Board or Commission valid; so that means five votes are necessary to award a contract or take any other action.

Chairman Chong Kee asked the Board for a motion to accept the subcommittee's recommendation for the Aloha Stadium Advertising Contract.

A MOTION WAS MADE BY MEMBER MARCUS AND  
SECONDED BY MEMBER INOUYE TO ACCEPT THE BID  
SUBMITTED BY CBS COLLEGIATE SPORTS PROPERTIES,  
INC. FOR THE ADVERTISING CONTRACT.

Discussion:

Member Marcus stated there were only two bidders and the committee worked hard to try and create a bid process that would solicit a substantial improvement to advertising opportunities, as well as the experience at the stadium. In going through the process, the priority was to obtain a scoreboard at the south end zone for the 2009 season, which, together with other improvements that CBS has offered, will greatly enhance both the experience and the revenues at the stadium. They believe this is the best thing for the stadium.

Member Inouye stated the Board's main intention is to get the highest and best value for the state as quickly as possible and she feels the state is very fortunate to have the caliber and experience of someone like CBS. We will receive a total value of \$1.4 million to be completed within a 3-year period

ON A VOTE OF 4-3 (MEMBERS IN FAVOR: MARCUS,  
INOUYE, AHINA AND FONG), (MEMBERS OPPOSED: KANE,  
OYADOMARI AND CHONG KEE), THE MOTION FAILED

Chairman Chong Kee thanked the committee for their hard work.

Mr. Dellera stated the Board must decide if it will award the contract to CBS for a five-year term or to EpicRays for five years, or cancel the solicitation.

A MOTION WAS MADE BY MEMBER FONG AND SECONDED BY MEMBER INOUYE TO RE-SOLICIT THE ADVERTISING CONCESSION IFB.

Discussion

Member Marcus said the Authority viewed the CBS proposal very favorably, although it had concerns when it was non-responsive to the terms of the bid. He also stated that it is in the interest of the stadium to afford bidders like CBS an opportunity to make a proposal that would be responsive and that it would be to the stadium's benefit to cure the problems identified in the Executive Session.

Member Marcus also recommended that a committee meet with counsel to discuss recommendations and changes to the new bid.

Member Inouye inquired if there was a way to highlight the changes on the new bid to speed up the process. Mr. Dellera confirmed that it could be done.

Mr. Dellera advised the board that it should state why it was voting to cancel the solicitation rather than to award the concession to the remaining bidder.

MEMBER FONG WITHDREW HIS PREVIOUS MOTION. TO RE-SOLICIT THE ADVERTISING CONCESSION IFB.

A MOTION WAS MADE BY MEMBER FONG AND SECONDED BY MEMBER INOUYE TO CANCEL THE SOLICITATION OF THE ADVERTISING CONCESSION IFB ON THE GROUNDS THAT THE STADIUM AUTHORITY FINDS SAID CANCELLATION IS IN THE PUBLIC INTEREST. THEREFORE, IT SHOULD RE-SOLICIT AND NOT ACCEPT ANY OF THE EXISTING BIDS. THE MOTION CARRIED UNANIMOUSLY.

Member Oyadomari commended the committee for their efficiency with the bid process and recommended that the same members remain on the committee for the re-solicitation.

With Board approval, Chairman Chong Kee re-appointed the same committee (Members Marcus, Chair; Kathryn Inouye and Marcia Klompus) to revise the Advertising Concession IFB and recommend a new one as soon as possible.

Member Marcus stated the committee will do its best to get a proposal out in time for the 2008 football season. However, if the committee is not successful in doing so, making advertising arrangements for the 2008 season will then be a management decision.

Stadium Manager inquired what should management do with their current clients (sponsorships and advertisers) as it gets closer to the 2008 football season. Mr. Dellera believes management can extend the existing advertising contracts. He also noted the new solicitation will not put a new contractor in place by August 1, 2008 and most of the advertising expires July 31, 2008. Member Marcus said the committee can meet immediately after the Board meeting and invited management to attend the meeting to discuss the advertising schedule.

Mr. Donovan stated UH is more than willing to assist the Aloha Stadium as an agent (as they have in the past) in selling the advertising. They are faced with a timing issue for going out and selling because the first game of the season is about 5-1/2 weeks away. He mentioned that if the Authority is going to ask for their assistance, they have a very short window to go out and accomplish sales at this point.

#### B. Stadium Repair Work

Comptroller announced he would be providing the Board with a brief update on the progress of two key stadium projects: 1) Structural Certification Test, and 2) The draft "Environmental Assessment (EA)/Finding of No Significant Impact" Report. He noted that the Environmental Assessment is done and they are now going out to public hearings. He introduced the engineering team who were in attendance: Bernie Wonneberg and Conrad Paulson (Wiss Janney Elstner & Associates); Corey Matsuoka and Robyn Ito (SSFM), Myounghee Noh (Myounghee Noh & Associates; Chris Kinimaka, David De Ponte and Bruce Bennett (DAGS Public Works Division).

Comptroller provided a detailed power point presentation and discussed the following:

- Stadium Background;
- Scope of Environmental Assessment;
- The Purpose and Need for Project
- Alternatives that need to be incorporated in the Environmental Assessment

Stadium Manager thanked Comptroller, his staff, and the consultants for helping the stadium in the absence of an engineer.

#### C. Field Turf

Stadium Manager reported it has been noted by the National Football League and the Soccer United Marketing groups that the turf is not up to par and the standards are not being met. After some investigation, we are looking at two options.

- First, we are having discussions on the possibility of those two groups assisting with the repair expenses. Also, due to its wear and tear, we are looking at possibly rotating the turf every 3-4 years. With that in mind, we are discussing and soliciting the support of the Hawaii Tourism Authority, National Football League, Pan Pacific – Soccer United Marketing, and UH. We are also in touch with a company in Japan that installs turf.
- The second option would be to work with Comptroller Saito in acquiring the funding through the Health & Safety CIP's.

#### C. Swap Meet Consultant's Report

Chairman said Board members received a copy of the Consultant's report and it will be discussed at the July meeting.

Stadium Manager said he retracted the request to pay for the Consultant's report because it would be a violation of the SPO codes to seek payment for a contract that has already been executed. Also, violations would officially be recorded with possible consequences.

D. E. K. Fernandez (EKF)

Chairman Chong Kee brought up for discussion a letter from EKF requesting a long-term contract.

Mr. Delleria said there are some policy questions involving long term contracts, especially where the licensee wants exclusive rights – EKF wants a monopoly to run fairs and carnivals. State law prohibits monopolies and competition is public policy with the state. EKF stated that their lender needs assurance that they will be able to repay the \$1.0 million in improvements. Mr. Delleria also stated the question is, “should Fernandez have exclusive rights to operate fairs and carnivals?” That’s one issue. The other one is definitions of fairs and carnivals – it’s so broad that it could interfere with sporting events that the stadium may want to stage at its facilities; also if charitable organizations want to stage fairs and carnivals the only practical place may be the Lower Halawa. The rules provide that Kam Lot is available for fairs and carnivals at \$1,200 but all of the improvements are at lower Halawa parking lot. The question is should they be able to use EKF improvements.

Member Marcus said the policy issues were resolved last month and the board was willing to give EKF the exclusive right to stage fairs and carnivals in the Lower Halawa Lot for ten years. The only open issue is to define “fairs and carnivals” so that other events that do not compete with EFK can use its improvements without charge.

Mr. Delleria suggested that we obtain a better definition of fairs and carnivals -- for example, events that feature carousels, roller coasters, etc. – and that sporting activities be excluded. The Stadium Manager will work with Mr. Delleria on this matter.

V. NEXT MEETING

July 31, 2008

VI. ADJOURNMENT

Meeting was adjourned at 2:15 p.m.

  
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KEVIN CHONG KEE  
Chairman

Recorded by: Diana Ho

Approval Date: July 31, 2008